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| Adopted | Rejected |
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COMMITTEE REPORT

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| YES: | 11 |
| NO: | 0 |

MR. SPEAKER:

*Your Committee on Insurance, Corporations and Small Business, to which was referred House Bill 1341, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Replace the effective dates in SECTIONS 1 through 10 with
- 2 "[EFFECTIVE DECEMBER 31, 2004]".
- 3 Page 3, between lines 14 and 15, begin a new paragraph and insert:
- 4 "SECTION 8. IC 27-1-36-26.1 IS ADDED TO THE INDIANA
- 5 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 6 [EFFECTIVE DECEMBER 31, 2004]: **Sec. 26.1. A health**
- 7 **maintenance organization's RBC and a limited service health**
- 8 **maintenance organization's RBC must be determined in**
- 9 **accordance with the formula set forth in the RBC instructions for**
- 10 **a health maintenance organization and a limited service health**
- 11 **maintenance organization. The formula must take into account**
- 12 **(and may adjust for the covariance between):**
- 13 **(1) affiliation investment risk;**

- 1 (2) asset risk;
- 2 (3) credit risk;
- 3 (4) underwriting risk; and
- 4 (5) all other business risks and such other relevant risks as are
- 5 set forth in the RBC instructions;
- 6 determined by applying the factors in the manner set forth in the
- 7 RBC instructions.

8 SECTION 9. IC 27-1-36-42.1 IS ADDED TO THE INDIANA
 9 CODE AS A NEW SECTION TO READ AS FOLLOWS
 10 [EFFECTIVE DECEMBER 31, 2004]: **Sec. 42.1. (a) If a mandatory**
 11 **control level event occurs with respect to a health maintenance**
 12 **organization or a limited service health maintenance organization,**
 13 **the commissioner shall take the action necessary to place the health**
 14 **maintenance organization or limited service health maintenance**
 15 **organization under regulatory control under IC 27-13.**

16 **(b) A mandatory control level event is sufficient grounds for the**
 17 **commissioner to take action against a health maintenance**
 18 **organization or a limited service health maintenance organization**
 19 **under IC 27-13 and the commissioner has the rights, powers, and**
 20 **duties with respect to the health maintenance organization or**
 21 **limited service health maintenance organization that are set forth**
 22 **in IC 27-13.**

23 **(c) If the commissioner takes action against a health**
 24 **maintenance organization or a limited service health maintenance**
 25 **organization under an adjusted RBC report, the health**
 26 **maintenance organization or limited service health maintenance**
 27 **organization is entitled to the protections under IC 27-9-2**
 28 **pertaining to summary proceedings.**

29 **(d) The commissioner may forego action under subsections (a)**
 30 **through (c) for not more than ninety (90) days after the mandatory**
 31 **control level event if the commissioner finds that there is a**
 32 **reasonable expectation that the mandatory control level event may**
 33 **be eliminated within the ninety (90) day period."**

34 Page 5, line 21, delete "May 1, 2002," and insert "**May 1 of each of**
 35 **the calendar years 2002, 2003, and 2004,"**

36 Page 5, line 22, after "for the" insert "**immediately preceding**".

37 Page 5, line 22, delete "ending December 31," and insert ".".

38 Page 5, line 23, delete "2001."

- 1 Page 5, line 24, delete "December 30, 2002." and insert "**December**
- 2 **30, 2004.**".
- 3 Page 5, line 25, delete "May 1, 2002," and insert "**May 1 of each of**
- 4 **the calendar years 2002, 2003, and 2004,**".
- 5 Page 5, line 26, after "for the" insert "**immediately preceding**".
- 6 Page 5, line 27, delete "ending December 31, 2001." and insert ".".
- 7 Page 5, line 29, delete "December 30, 2002." and insert "**December**
- 8 **30, 2004.**".
- 9 ReNUMBER all SECTIONS consecutively.
(Reference is to HB 1341 as introduced.)

and when so amended that said bill do pass.

Representative Crooks